

Message Text

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ACTION OPIC-01

INFO OCT-01 SS-14 ISO-00 EB-03 NSC-10 NSCE-00 SSO-00

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FM AMEMBASSY LUSAKA

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FOR OPIC

FROM GITEGBAN FOR MANNING AND HENDERSON

E.O. 11652: N/A

TAGS: EFIN, ETRN, ZA

SUBJ: UPDATE GITELMAN VI DE

1. WOOD ADVISES THAT 27 OF 28 NEW RIGS WILL GO UNDER ORIGINAL LEASE UNTIL 300 ARRIVE AT WHICH TIME 27 WILL BE BACKUP UNTIL 30 BACKUPS ARRIVE. APPARENTLY NO ARRANGEMENTS MADE YET FOR WHAT HAPPENS THEREAFTER. ONE RIG COULD NOT BE INCLUDED BECAUSE OF NEED TO PUT ON LEASE IN MULTIPLES OF THREE DUE TO TRAILER COUNT. NINE PRIOR TRAILERS ARE INCLUDED IN LEASE TO MEET NEEDED TRAILER COUNT. WOOD INTENDS NEGOTIATE GM 80 PERCENT PAYMENT TO TAKE OUT LEASE VALUE OF TRAILERS. WILL TRY FOR JAN 9 STARTING DATE WITH MINFIN WITH FIRST MONTH'S RENT COMING FROM DEPOSIT.

2. WOOD, NEIL AND I DISCUSSED VARIETY OF SUBJECTS WHICH NEIL APPARENTLY DISCUSSED BY PHONE (TO SOME EXTENT) WITH DAMOUR LAST NIGHT AND WHICH I ASSUME WOOD HAS -- OR WILL -- PASS TO DYNNER VIA SAVAGZ. IN VIEW OF LAWYERS MEETING UNDERSTAND WILL
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TAKE PLACE TODAY AND POSSIBILITY ISSUES WILL BE RAISED WITH YOU

BEFORE I RETURN, FOLLOWING ARE SUBJECTS COVERED:

A. RESCHEDULING AGREEMENT

(1) REASSURED WOOD RE AGREEMENT TO CONTINUE WAIVERS, EXCEPT AS TO PAYMENT, FOR OLD VIOLATIONS UNTIL LAW IN COMPLIANCE. THIS SHOULD NOT INCLUDE VIOLATIONS NOT IN BEING ON DATE OR RESCHEDULING.

(2) DISCUSSED PROPOSAL FOR SOLUTION PROBLEM OF ACCOUNTS PAYABLE IN TERMS OF COMBINATION OF (1) PROHIBITION ON COMMITMENTS WITHOUT FIRM TAKEOUT AND (2) INCLUSION IN D/E RATIO OF ALL PAYABLES FOR LEASED EQUIPMENT NOT PAID FOR AFTER 120 DAYS. (MAY REQUIRE 150 DAYS ON SPARE PARTS IF THOSE ARE GM TERMS. WILL ABIDE BY GM REQUIREMENTS.) THIS IS POSSIBLE SOLUTION DISCUSSED WITH HENDERSON LAST FRIDAY. WOOD AGREED THIS SOLUTION.

(3) WOOD COMPLETELY AGREED 3:1 D/E RATIO AFTER SOME DISCUSSION.

(4) I AGREED TO ADD TO PROVISION LIMITING SINGLE LEASE SIZE (15 PERCENT RULE) SPECIAL EXCLUSION FOR LEASES AFRICAN GOVERNMENTS AND SUBSTANTIAL COMPANIES. LIMIT WILL BE FIVE MILLION DOLLARS WHICH WILL BE ACADEMIC IN VIEW NEED TO GET OPIC FINANCING APPROVAL FOR LONG-TIME UNDER (3) ABOVE. AGREED TO SEARCH FOR DEFINITION OVY COMPANIES TO BE INCLUDED IN EXCEPTION SINCE "FORTUNE FIVE HUNDRED" INADEQUATE DEFINITION. IT SHOULD PRIMARILY INVOLVE COMBINATION REQUIREMENT OF AA MOODY BOND RATING OR EQUIVALENT AND ADEQUATE NET WORTH TO COVER SIZE OF LEASE (TO CATCH COMPANIES WITH AA RATING BUT SMALL NET WORTH). IF THIS COMES UP USE YOUR DISCRETION ON DEFINITION. DID NOT LIMIT COUNTRIES.

B. PLEDGE -- ALAN DYNNER IS AUTHORIZED TO DISCUSS WITH ME. IF ALL SCHEDULES PERMIT WOULD LIKE MEETING WITH DYNNER AND MANNING ON THIS ISSUE MONDAY. WILL HAVE TO WORK AROUND LIHUSHA MEETING (HAVE NOT TRIED TO SEE HIM WHILE HERE) AND OTHERS THAT MIGHT HAVE COME UP.

C. RYDER -- NEIL AGREED TO PERMIT DELAWARE'S GUARANTEE LIMITED OFFICIAL USE

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CONVERTIBILITY ALL OF RYDER EARNINGS, INCLUDING BONUS. I HAVE NOT RPT NOT. STAYED WITH AGREEMENT ON GUARANTEE BASIC FEE ONLY. WOOD CLAIMS THIS IS CRUNCH POINT. HE AGREED WE (MAYS OR I) COULD CALL SIMS IF IT GETS CRITICAL.

D. DEBENTURE - PURCHASE -- WOOD RAISED QUESTIONS RE DILUTION AND REGISTRATION RIGHTS WITH WHICH I NOT FAMILIAR. LEFT UP TO MANNING AND SAID OPIC PROBABLY WOULD FOLLOW PROVISIONS IN

WARRANT AGREEMENTTHESE POINTS.

E. NEIL AND WOOD APPARENTLY "AGREED" TO "CLOSE" ON 25TH TIME.
SINCE WOOD NOT DUE BACK UNTIL 24TH SEEMS IMPOSSIBLE TO ME.
I AGREED TO GET EVERYTHING DONE AS SOON AS POSSIBLE TO EXTENT
WITHIN OPIC CONTROL. WOOD FELT NO AGREEMENT TRAILERS OR RYDER
REALLY POSSIBLE TILL AGREEMENT SIGNED AND THEY ARE LAST THINGS
LEFT TO DO.

3. WOOD SEEMED SERIOUSLY CONCERNED ABOUT FIERCE PULLING OUT
FOR VARIETY OF REASONS, INCLUDING POSSIBLITY EX-IM FINANCING
GOING TO MANUFACTURERS. CAN YOU GET FEEL FOR THIS OUT OF
LAWYER MEETING WITHOUT ASKING?

4. NEIL HAS CONFIRMED RESERVATIONS WHICH WILL GET HIM HOME
BY SUNDAY JAN 20.

5. BA AND KAIBELLA BEING ASKED TO RETURN US NEXT WEEK TO
"COMMENT" ON AGREEMENTS.
WILKOWSKI

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